

BILL # SB 1147

TITLE: national guard; tuition waivers; spouses

SPONSOR: O'Halleran

STATUS: As Amended by Senate HED

PREPARED BY: Leah Kritzer

FISCAL ANALYSIS

Description

The bill would amend existing statute pertaining to “Purple Heart” tuition waivers (A.R.S. §15-1808, Subsection C) in order to allow the Arizona Board of Regents or a community college district to transfer such waivers to the spouse of a Purple Heart recipient. Statute currently grants these tuition waivers only to the National Guard members or former members who have received a Purple Heart citation on or after September 11, 2001 or who were medically discharged due to injuries suffered during military service.

As amended, the bill would also modify existing statute pertaining to non-Purple Heart tuition waivers that are currently authorized for a child or spouse of a person killed in action who was a member of the Arizona National Guard, United States armed forces or a peace officer, correctional officer, fire fighter or emergency paramedic (A.R.S. §15-1808). The bill would allow a dependent or spousal waiver, if the service person received a catastrophic disability as a result of a physical injury while in the line of duty.

In addition, the bill, as amended, would expand the definition of a peace officer to include parole, community supervision, and probation officers. This would make the spouse and child of those individuals eligible for a tuition waiver in the case of either a catastrophic disability or death in the line of duty.

Estimated Impact

The General Fund impact cannot be determined, as it would depend on how the newly eligible individuals would respond to the incentives created by the bill. To the extent that it reduces tuition collections from current students, the bill would reduce that fund source. If the bill creates a greater incentive to attend a community college or university, then there would be a General Fund cost, as higher enrollment generates additional funding.

There is insufficient information, however, to evaluate the bill’s impact on tuition revenues or the incentive effect.

Analysis

The bill expands the eligibility pool for tuition waivers at Arizona public universities and community colleges. Projections for these eligible individuals required gathering information from a variety of Arizona state agencies. Arizona’s Department of Emergency and Military Affairs (DEMA) estimate that of the 76 current National Guard Purple Heart recipients, 44 are married. Therefore, 44 spouses would now be eligible for a tuition waiver transfer.

Specific family demographic information was not obtained for the other groups. According to the 2000 U.S. Census, 51.9% of all individuals in the State of Arizona are married and 22.6% are married with children under the age of 18. This assumption is used to determine the eligibility pool for all other groups discussed here. DEMA was not able to estimate the number of National Guardsmen that have been medically discharged. DEMA indicates that the medically discharged category incorporates the category of catastrophically disabled, therefore covering both categories detailed in the bill.

Data from the Arizona Public Safety Personnel Retirement System, which captures the majority of Arizona fire fighters and emergency paramedics, indicates that 4 individuals are currently classified as suffering from a catastrophic disability. Therefore it is assumed that 2 of these individuals have a spouse and 1 has a spouse and child, for a total of 4 eligible

(Continued)

individuals. The Arizona Corrections Officer Retirement Plan includes correctional, community supervision, parole, and probation officers, but does not include a catastrophic disability category, so this information was not readily available. The Arizona Judiciary does, however, have information regarding community supervision and parole officers killed in the line of duty and indicate that no individuals fall into this category. Lastly, Arizona's Department of Veterans' Affairs notes that they do not specifically track information regarding individuals for the U.S. armed forces who have been catastrophically disabled in the line of duty.

The proposed tuition waiver could result in reduced tuition revenues for community colleges and universities. In FY 2008, the average annual tuition cost is \$1,800 at community colleges and \$4,900 for resident undergraduate university students. The amount of revenue loss under the bill, if any, therefore, would depend on how many newly eligible individuals would utilize the benefit, if these individuals are already attending an institution, and how many are already receiving waivers or other tuition deductions from a community college or university. Data is not available to determine how many of those newly eligible under the bill are currently attending a community college or university or their current financial aid package.

The bill could increase the number of individuals attending a community college or university, since it would extend tuition waivers to those who may not have been previously eligible. If enrollment did increase under the bill, state General Fund costs for universities and community colleges would grow. In FY 2009, for example, each additional community college Full Time Student Equivalent would cost the General Fund an average of \$1,200, while each additional university Full Time Equivalent would cost the state an average of \$7,700.

Local Government Impact

The bill could reduce community college tuition revenues but could increase their state formula funding due to higher enrollments. Potentially higher enrollment could also increase their operating costs. The net fiscal impact to community colleges is unknown, as it would depend on how many newly eligible individuals responded to incentives created by the bill.